GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1019
ANSWERED ON:23.11.2007
REDUCTION IN INTEREST RATE ON LOANS TO SHGS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received complaints regarding denial of loans bythe banks to Self Help Groups (SHGs) under Swarnajayanti Gram Swarojgar Yojana (SGSY);

(b) if so, the details thereof and action taken by the Government thereon;

(c) whether the Government has analysed the problem of Swarojgari's in this context;

(d) if so, the findings thereof;

(e) whether the Government proposes to lower the interest rate for the SHGs; and

(f) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : The achievement during the three years under Swarnajayanti Gram Swarojgar Yojana (SGSY) is as under:-

(Rs.in crores)

Year	Target	Total Loan Disbursed		
		Amount	No. of Persons assisted	Amount % of achievement
2004	1363.12	962396	816.11	59.87
2005	1518.76	1055335	927.30	61.05
2006	1597.06	1177366	1095.15	68.57

As evident from the table, the disbursement is showing an increasing trend.

All the banks have a robust internal grievance redressal mechanism to address all customer complaints including denial of loans by the banks to Self Help Groups (SHGs) under Swarnajayanti Gram Swarojgar Yojana (SGSY). Various instructions have been issued to banks from time to time in this regard. Any customer who has a genuine grievance, which may include refusal of loans under the scheme, is attended to by the concerned bank.

A quick study of SGSY was conducted by Reserve Bank of India to ascertain the reasons for the pendency of applicatioins at bank branch level. The study, inter-alia, revealed the following reasons/ constraints in sanctioning of applications:-

Fowarding unviable and un-bankable proposals to the banks.

Most of the applications pertained to similar type of activity resulting in saturation of activity.

Lack of co-ordination between govt. agencies and bank officials.

Bunching of applications by the Sponsoring Agencies and submission of applications at the end of the year.

The Central Level Coordination Committee (CLCC) constituted by the Government of India in their ninth Meeting had discussed the issue of pendency and rejection of loan applications under SGSY with banks. In compliance with the discussions in the ninth CLCC Meeting, instructions have been issued to the Commercial Banks, Regional Rural Banks and Co-operative Banks to evolve a mechanism for early disposal of loan applications and State Government will ensure timely sponsoring of loan applications through District Rural Development Agency.

(e) & (f) : No, Sir.